

Gdansk/Gdynia Office Update

New Supply Led by Mixed Use Projects

Economy

The economic recovery was in full swing in 2004, with GDP growth of 5.4% beating expectations. Economists forecast that GDP should grow by 4.5% in 2005. The National Bank of Poland lending rate started 2005 at 6.5%. The large influx of Foreign Direct Investment drove the Polish zloty up 15% against the euro in 2004. Poland joined the EU in 2004 and is widely expected to join the Euro currency in 5-7 years.

Supply

Among 144,000 sqm office space in Tricity there are no class A office building. 65% of the total office space is located in Gdynia. There are four modern office buildings: **Alfa Plaza Business Center** (13,300 sqm), **Hossa** (9,300 sqm), **Baltic Business Center** (14,000 sqm) and **Chipolbrok** (4,900 sqm). Average vacancy rate in those buildings is low at 10%.

Lower class buildings such as **Rudzki Building** (6,500 sqm) or **Morska Centrum** (4,900 sqm) are leased at 60%.

The 12,000 sqm **Centrum Kwiatkowskiego**, a mixed-use building with 3,200 sqm of modern office space opened this year.

52,000 sqm of modern office space is located in Gdansk, which is 35% of the total office space in Tricity, including fully leased **Allcon Dmowski** (4,000 sqm), and **Centromor** (8,000 sqm), leased at 80%.

Total supply of office space in Gdansk increased by 6,800 sqm in located in residential districts newly opened shopping centers: **Manhattan** in Wrzeszcz (2,500 sqm) and **Real** in Przymorze (4,300 sqm).

One new office building is currently under construction – 6,000 sqm second phase of **Allcon Centrum Słowackiego**, developed by Allcon Investment. The project is located at the beltway and is scheduled to be open in March 2005.

Polish developer NDI SA is planning to commence in the centre of Sopot a 50,000 sqm multifunctional complex of retail, office, leisure, residential and hotel. Modern office space of 6,100 sqm will be located in two mixed use buildings.

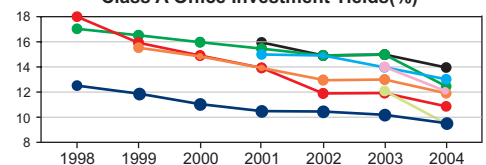
Demand

Overall vacancy rate in modern office buildings in Gdynia is 25% and 35% in Gdansk. Letting activity is focused on 150 - 300 sqm spaces, and the demand is generated mostly by local companies.

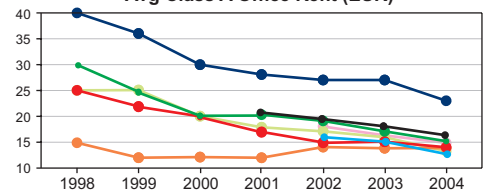


Baltic Business Centre (14 000 sqm) is a modern office building in Gdynia

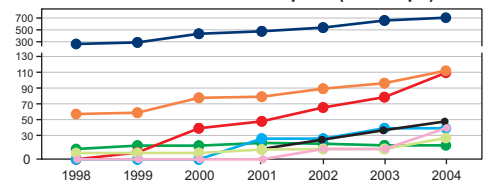
Class A Office Investment Yields(%)



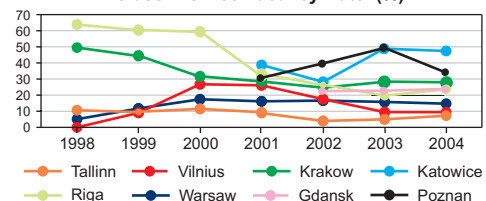
Avg Class A Office Rent (EUR)



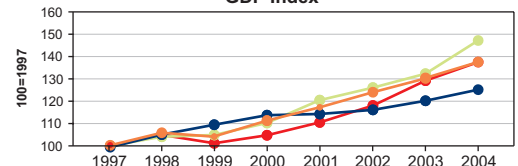
Total Class A Office Space (1000 sqm)



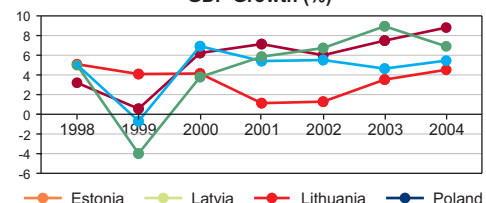
Class A Office Vacancy Rate (%)

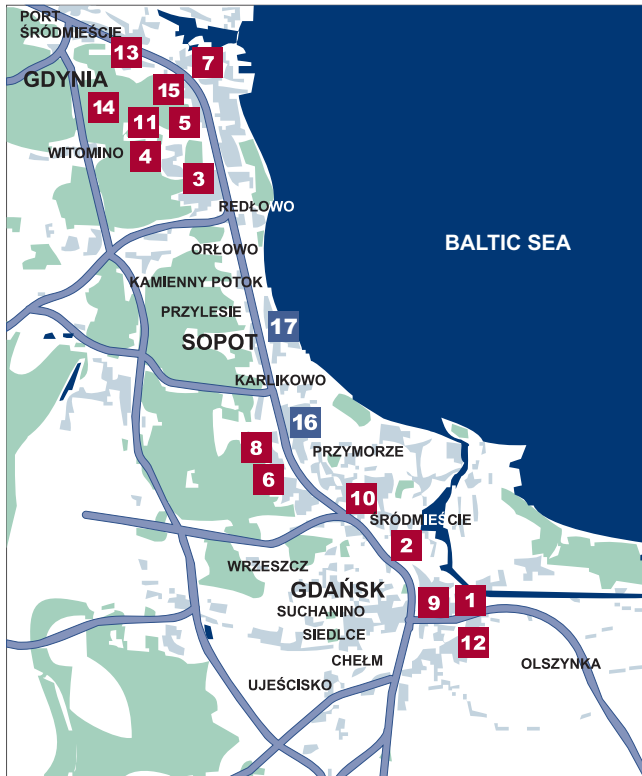


GDP Index



GDP Growth (%)





In the future Ober-Haus predicts stronger demand from international companies, due to new A1 highway, that is scheduled to be built. As the vacancy rates are high, new developments depend on pre-leases.

Rents

Rents in high standard buildings in Gdynia remain stable at 8-14 EUR/sqm. Average service charge is 2-5 EUR/sqm. Lower class buildings rents are 7-9 EUR/sqm.

Rents in modern office buildings in Gdansk remain stable at 6-12 EUR/sqm and 2.5-4 EUR/sqm service charge.

Rents in older office buildings like: **Centrum Biznesu Zieleniak**, and **Organika Trade** in Gdansk decreased during last 12 months to 9 EUR/sqm, and are 35% vacant.

Office sqm existing in Gdansk/Gdynia

Property name	sqm
1 Organica Trade - Gdansk	13 000
2 Zieleniak - Gdansk Centrum	11 000
3 Centrum Biurowe Hossa - Gdynia	9 500
4 Baltic Business Centre - Gdynia	14 000
5 Alfa Plaza Business Center - Gdynia	13 300
6 Vigo - Gdansk	7 000
7 Rudzki Building - Gdynia	6 500
8 Hossa Company House - Gdansk	3 500
9 Centromor - Gdansk	8 000
10 Centrum Allcon Dmowskiego - Gdansk	4 000
11 Cipolbrok - Gdynia	4 900
12 Sadowa Business Park - Gdansk	6 200
13 Morska Centre	4 900
14 Prokom	35 000
15 Centrum Kwiatkowskiego	3 200
TOTAL	144 000

Office sqm planned in Gdansk/Gdynia

Property name	sqm
16 Allcon Centrum Slowackiego	6 000
17 Sopot - NDI	6 100
TOTAL	12 100

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